

Senate Bill No. 1337

Passed the Senate August 29, 2002

Secretary of the Senate

Passed the Assembly August 24, 2002

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day of
_____, 2002, at _____ o'clock __M.

Private Secretary of the Governor

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CHAPTER _____

An act to amend Section 19556 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

SB 1337, Vincent. Horse racing.

Existing law requires each licensed racing association to designate a certain number of racing days to be conducted as charity days for the purpose of the distribution of the net proceeds therefrom to beneficiaries. Existing law also requires that beneficiaries of these proceeds be exempt or entitled to exemption from state and federal income taxes, involved in specified beneficial activities, and approved by the California Horse Racing Board. Existing law also requires that at least 20% of the distribution from charity day racing go to charities associated with the horse racing industry.

This bill would provide that, in addition to the 20% of the distribution from charity day racing that is required to go to charities associated with the horse racing industry, another 5% of the distribution shall be provided to a welfare fund established for the benefit of horsemen and backstretch personnel, as specified, and another 5% of the distribution shall be provided to a nonprofit corporation assisting horsemen and backstretch personnel who are affected adversely as a result of alcohol or substance abuse. In addition, this bill would require that an additional 20% of the distribution from charity day racing, up to a maximum of \$2,000,000, shall be provided as an endowment for a nonprofit corporation or trust which assists disabled jockeys, as provided.

The people of the State of California do enact as follows:

SECTION 1. Section 19556 of the Business and Professions Code is amended to read:

19556. (a) The distribution shall be made by the distributing agent to beneficiaries qualified under this article. For the purposes of this article, a beneficiary shall be all of the following:

(1) A nonprofit corporation or organization entitled by law to receive a distribution made by a distributing agent.



(2) Exempt or entitled to an exemption from taxes measured by income imposed by this state and the United States.

(3) Engaged in charitable, benevolent, civic, religious, educational, or veterans' work similar to that of agencies recognized by an organized community chest in the State of California, except that the funds so distributed may be used by the beneficiary for capital expenditures.

(4) Approved by the board.

(b) At least 20 percent of the distribution shall be made to charities associated with the horse racing industry. In addition to this 20 percent of the distribution, another 5 percent of the distribution shall be paid to a welfare fund described in subdivision (b) of Section 19641 and another 5 percent of the distribution shall be paid to a nonprofit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. No beneficiary otherwise qualified under this section to receive charity day net proceeds shall be excluded on the basis that the beneficiary provides charitable benefits to persons connected with the care, training, and running of racehorses, except that type of beneficiary shall make an accounting to the board within one calendar year of the date of receipt of any distribution.

(c) (1) In addition to the distribution pursuant to subdivision (b), a separate 20 percent of the distribution shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and which has as its sole purpose the accumulation of endowment funds, the income on which shall be distributed to qualified disabled jockeys.

(2) To receive a distribution under this subdivision, a corporation or trust must establish objective qualifications for disabled jockeys, and provide an annual accounting and report to the board on its activities indicating compliance with the requirements of this subdivision.

(3) The nonprofit corporation or trust shall, in an amount proportional to the contributions received pursuant to this subdivision as a percentage of the total contributions received by the corporation or trust, give preference in assisting qualified disabled jockeys to the following:



(A) Jockeys who were disabled while participating in the racing or training of horses at licensed racing associations or approved training facilities in California.

(B) Jockeys licensed by the board who were disabled while participating in the racing or training of horses in a state other than California.

(d) When the nonprofit corporation or trust described in subdivision (c) has received distributions in an amount equal to two million dollars (\$2,000,000), the distribution mandated by subdivision (c) shall cease.



Approved _____, 2002

Governor

